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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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**AB 564 (Haney) - Cannabis: excise tax: rate increase repeal**

**Version:** July 10, 2025

**Urgency:** No

**Hearing Date:** August 29, 2025

**Policy Vote:** REV. & TAX. 5 - 0

**Mandate:** No

**Consultant:** Robert Ingenito

**Bill Summary:** AB 564 would make specified changes to the Cannabis Excise Tax rate.

**\*\*\*\*\* ANALYSIS ADDENDUM – SUSPENSE FILE \*\*\*\*\***

**The following information is revised to reflect amendments  
adopted by the committee on August 29, 2025**

**Fiscal Impact:** The California Department of Tax and Fee Administration (CDTFA) indicates that this bill would result in reduced cannabis excise revenues of \$135 million in 2025-26, and \$180 million in 2027-28 (Cannabis Tax Fund). Additionally, the estimated sales and use tax revenue loss for 2025-26 would be \$11.7 million, \$5.2 million of which would come from the General Fund. Additionally, the estimated sales and use tax revenue loss for 2027-28 would be \$13.3 million, \$6.6 million of which would come from the General Fund. The department would incur administrative costs of \$145,000 in 2025-26 and \$4,000 in 2026-27 to implement the provisions of the bill (Cannabis Tax Fund).

**Committee Amendments:**

- Modify the period, from October 1, 2025 to June 30, 2028, when the excise tax is decreased to 15 percent.
- Require the Department of Cannabis Control, in consultation with CDTFA, to report to the Legislature by October 1, 2027 with a plan to reform cannabis taxes specifically examining adjustment to address the loss of revenue resulting from the excise tax rate reduction.

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